



Regional: Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project

Project Name	Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project	
Project Number	49387-002	
Country	RegionalCambodiaLao People's Democratic Republic	
Project Status	Approved	
Project Type / Modality of Assistance	Grant Loan	
Source of Funding / Amount	Grant 0599-REG: Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project	
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 47.00 million
	Loan 3701-REG: Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project	
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 30.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Industry and trade - Small and medium enterprise development Transport - Road transport (non-urban) - Urban roads and traffic management - Water transport (non-urban) Water and other urban infrastructure and services - Urban flood protection - Urban solid waste management	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	The project will help transform secondary GMS central and southern corridor towns into economically inclusive, competitive tourism destinations by improving transport infrastructure, urban environmental services, and capacity to sustainably manage tourism growth. It will boost trade in services and deepen regional cooperation and integration in the GMS and Association of Southeast Asian Nations (ASEAN). About 97,000 residents are expected to directly benefit from climate-resilient infrastructure development and increased access to economic opportunities. Project investments are prioritized in the ASEAN Tourism Strategic Plan 2015 2025, GMS Tourism Sector Strategy 2016 2025, and national tourism strategies	

Project Rationale and Linkage to Country/Regional Strategy	<p>Cambodia and the Lao PDR actively promote tourism because it produces substantial national income, local employment, private investment and trade in services. Tourism directly contributes 12.4% to Cambodia's gross domestic product (GDP) and 4.6% to Lao PDR's GDP, generating 70% 78% of service exports and \$1.1 billion annual investment. There are about 1.1 million tourism workers in the two countries. Most are women employed by small and medium-sized enterprises (SMEs). Tourist visa on arrival is permitted for 180 countries and 15-day tourist visa exemptions granted to ASEAN citizens. Government efforts to upgrade gateway airports, transnational railways and highways, and secondary roads to facilitate travel and tourism are supported by the Asian Development Bank (ADB) and other development partners. ASEAN and GMS policies to liberalize aviation services and ease cross-border vehicle movements complement physical infrastructure investments.</p> <p>Even with these strengths and opportunities Cambodia and the Lao PDR rank low in the World Travel & Tourism Competitiveness Index, mainly because secondary destinations lack modern transport infrastructure and quality urban environmental services. Other underlying constraints are inadequate tourism planning, low service standards, and a weak business enabling environment. Consequently, in 2016 the two countries received only 8% of ASEAN's total tourist arrivals. In the same year Cambodia's international tourist arrival growth decelerated to 5%, about half the medium-term rate, and Lao PDR's arrivals fell 9.5% compared to 2015. Fewer visitors and lower spending because of poor sanitation and hygiene reduces economic benefits by about \$90 million per year. Average expenditure per visitor in Cambodia (\$641) and the Lao PDR (\$171) is far below Asia and the Pacific's benchmark \$1,500. Imbalances within the countries is also a problem. About half of international tourist arrivals and corresponding visitor expenditure, destination investment, and direct tourism employment accrue to just 3 cities: Phnom Penh, Siem Reap, and Vientiane Capital.</p> <p>The GMS central and southern corridors are vulnerable to climate change, particularly increasingly severe weather events in Cambodia's coastal zone and flooding in Lao PDR's Mekong and Nam Xong River valleys. Climate vulnerability and risk are exacerbated by limited country capacity to integrate adaptation and mitigation solutions. Countering climate change requires finance and knowledge to retrofit and construct climate-resilient infrastructure and better prepare for natural disasters. Resource-efficiency certification programs, including the ASEAN green hotel standard, and public awareness campaigns to promote lower-carbon travel, emissions offsets, and environmentally-friendly tourism services are also needed.</p> <p>To help address these constraints the project builds on the ongoing GMS Tourism Infrastructure for Inclusive Growth Project by strategically financing climate-resilient road, water transport, and urban infrastructure in areas with comparative tourism advantages. Priority investments include (i) road improvements to decongest urban areas and link secondary towns with nearby tourist attractions; (ii) coastal and river passenger ports to increase handling capacity and provide private operators with the facilities needed to expand water transport and recreation services; (iii) storm water drains and riverbank protection in flood-prone areas; and (iv) modern solid waste and septic management systems with expanded collection services, materials recovery, and hygienic disposal facilities</p>
Impact	Sustainable, inclusive, and more balanced tourism development achieved.
Project Outcome	
Description of Outcome	Tourism competitiveness of secondary towns in Cambodia and the Lao PDR increased.
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	<p>Output 1. Urban-rural access infrastructure and urban environmental services improved.</p> <p>Output2. Capacity to implement ASEAN tourism standards strengthened.</p> <p>Output 3. Institutional capacity for tourism destination management and infrastructure O&M strengthened.</p>
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	Cambodia - Nation-wide; Lao People's Democratic Republic - Nation-wide
Safeguard Categories	
Environment	B
Involuntary Resettlement	B
Indigenous Peoples	B
Summary of Environmental and Social Aspects	
Environmental Aspects	The safeguards categorization for environment is B. IEEs and EMPs for each infrastructure subprojects have been prepared in compliance with the Governments' regulatory requirements and ADB's Safeguards Policy Statement (SPS, 2009).

Involuntary Resettlement	The safeguards categorization for involuntary resettlement is B. Potential land acquisition impacts were assessed in accordance with ADB's SPS (2009). Resettlement Plans have been prepared for Preah Sihanouk province, Cambodia; and Vientiane province, Lao PDR following ADB's SPS (2009) and were endorsed by the respective Governments. Project information was disclosed to all affected persons during project preparation. The Resettlement Plans will be updated based on detailed engineering designs.
Indigenous Peoples	The safeguards categorization for indigenous peoples is B. There will be positive impacts on the livelihoods of any indigenous people living within proposed project areas. Negative impacts are not expected. The Indigenous People's Plan was prepared based on meaningful consultation with all ethnic groups living in project areas, and in compliance with ADB's SPS (2009) and endorsed by the Government. The plan will be updated based on detailed engineering designs.

Stakeholder Communication, Participation, and Consultation

During Project Design	The main stakeholders are: (i) urban and rural residents living in/near secondary towns in the GMS economic corridors, including ethnic groups and women; (ii) owners and operators of tourism-related enterprises, and; (iii) public agencies responsible for tourism, urban environmental management, and urban-rural transportation networks. A series of national and site-specific workshops including women, men, ethnic groups, youth and the elderly will be conducted in each country to gain the views of project stakeholders on project scope, implementation arrangements, community participation and grievance redress mechanisms, and other social, environmental and economic aspects of the project. Representatives of nongovernment organizations, civil society, mass organizations, community-based organizations, and private sector associations will participate in workshops and focus group discussions to formulate the project's participation plan and stakeholder communication strategy. Household surveys and focus groups discussions with key stakeholders will establish baseline conditions and provide opportunities for stakeholders to provide inputs into the design of infrastructure and capacity building programs. The project information was shared with civil society organizations active in tourism and urban development in CLMV, including several international nongovernment organizations, non-profit associations, tourism industry associations, and foundations that provide skills training for the urban and rural poor, and support women's and child protection.
During Project Implementation	

Business Opportunities

Procurement	Procurement and consultant recruitment will follow ADB's Procurement Policy and Procurement Regulations for ADB Borrowers (2017) and government regulations acceptable to ADB.
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Responsible ADB Officer	Schipani, Steven M.
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Lao Resident Mission
Executing Agencies	<i>Ministry of Economy and Finance ROSSEILAVA@PFM.GOV.KH Street 92, Sangkat Wat Phnom Khan Daun Penh, Phnom Penh City Cambodia Ministry of Tourism Lot 3A, St. 169, Sangkat Vealong, Khan 7 Makara, Phnom Penh Cambodia</i>

Timetable

Concept Clearance	14 Mar 2016
Fact Finding	09 Jan 2018 to 19 Jan 2018
MRM	20 Apr 2018
Approval	31 Aug 2018
Last Review Mission	-
Last PDS Update	31 Aug 2018

Grant 0599-REG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual

31 Aug 2018

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30 Jun 2025

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Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	49.69	Cumulative Contract Awards			
ADB	47.00	31 Aug 2018	0.00	0.00	0%
Counterpart	2.69	Cumulative Disbursements			
Cofinancing	0.00	31 Aug 2018	0.00	0.00	0%

Loan 3701-REG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
31 Aug 2018	-	-	30 Jun 2024	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	30.00	Cumulative Contract Awards			
ADB	30.00	31 Aug 2018	0.00	0.00	0%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	31 Aug 2018	0.00	0.00	0%

Project Page <https://www.adb.org/projects/49387-002/main>

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Date Generated 02 October 2018

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